economy. We will maximize the opportunities created by this law if the Government is reducing its debt and its claim on available capital. So I hope very much that that will be part of our strategy in the future.

But today we prove that we could deal with the large issue facing our country and every other advanced economy in the world. If we keep dealing with it in other contexts, the future of our children will be very bright, indeed.

Thank you very much. I'd like to ask all the Members of Congress to come up here while we sign the bill. Thank you.

NOTE: The President spoke at 1:37 p.m. in the Presidential Hall (formerly Room 450) in the Dwight D. Eisenhower Executive Office Building. S. 900, approved November 12, was assigned Public Law No. 106–102.

Statement on Signing the Gramm-Leach-Bliley Act
November 12, 1999

Today I am pleased to sign into law S. 900, the Gramm-Leach-Bliley Act. This historic legislation will modernize our financial services laws, stimulating greater innovation and competition in the financial services industry. America's consumers, our communities, and the economy will reap the benefits of this Act.

Beginning with the introduction of an Administration-sponsored bill in 1997, my Administration has worked vigorously to produce financial services legislation that would not only spur greater competition, but also protect the rights of consumers and guarantee that expanded financial services firms would meet the needs of America's underserved communities. Passage of this legislation by an overwhelming, bipartisan majority of the Congress suggests that we have met that goal.

The Gramm-Leach-Bliley Act makes the most important legislative changes to the structure of the U.S. financial system since the 1930s. Financial services firms will be authorized to conduct a wide range of financial activities, allowing them freedom to innovate in the new economy. The Act repeals provisions of the Glass-Steagall Act that, since the Great Depression, have restricted affiliations between banks and securities firms. It also amends the Bank Holding Company Act to remove restrictions on affiliations between banks and insurance companies. It grants banks significant new authority to conduct most newly authorized activities through financial subsidiaries.

Removal of barriers to competition will enhance the stability of our financial services system. Financial services firms will be able to diversify their product offerings and thus their sources of revenue. They will also be better equipped to compete in global financial markets.

Although the Act grants financial services firms greater latitude to innovate, it also contains important safety and soundness protections. While the Act allows common ownership of banking, securities, and insurance firms, it still requires those activities to be conducted separately within an organization, subject to functional regulation and funding limitations.

Both the Vice President and I have insisted that any financial services modernization legislation must benefit American communities by preserving and strengthening community reinvestment. I am very pleased that the Act accomplishes this goal. The Act establishes an important prospective principle: banking organizations seeking to conduct new nonbanking activities must first demonstrate a satisfactory record of meeting the credit needs of all the communities they serve, including low- and moderate-income communities. Thus, the law will for the first time prohibit expansion into activities such as securities and insurance underwriting unless all of the organization's banks and thrifts maintain a "satisfactory" or better rating under the Community Reinvestment Act (CRA). The CRA will continue to apply to all banks and thrifts, and any application to acquire or merge with a bank or thrift will continue to be reviewed under CRA, with full opportunity for public comment. The bill offers further support for community development in the form of a new Program for Investment in Microentrepreneurs (PRIME), to

provide technical help to low- and moderate-income microentrepreneurs.

The Act includes a limited extension of the CRA examination cycle for small banks and thrifts with outstanding or satisfactory CRA records, but expressly preserves the ability of regulators to examine these institutions at any time for reasonable cause, and does not affect regulators' authority in connection with an application. The bill also includes a requirement for disclosure and reporting of CRA agreements. The Act and its legislative history have been crafted to alleviate burdens on banks and thrifts and those working to stimulate investment in underserved communities. It is critical that depository institutions and their community partners continue efforts that have led to the highest home ownership rate in our history, including a particularly dramatic increase in recent years in minority and low-income home ownership. My Administration remains committed to ensuring that implementation of these provisions does not in any way diminish community reinvestment, and stands ready to remedy any problems that may arise.

Last May, I proposed strong and enforceable Federal privacy protections for consumers' financial information. I am very pleased that the Act provides a number of the new protections that I proposed.

Under the Act, financial institutions must clearly disclose their privacy policies to customers up front and annually, allowing consumers to make truly informed choices about privacy protection. For the first time, consumers will have an absolute right to know if their financial institution intends to share or sell their personal financial data, either within the corporate family or with an unaffiliated third-party. Consumers will have the right to "opt out" of such information sharing with unaffiliated third parties. These protections constitute a significant change from existing law, under which information on everything from account balances to credit card transactions can be shared or sold by a financial institutions without a customer's knowledge or consent, including the sale of information to telemarketers and other non-financial firms.

Of equal importance, these restrictions have teeth. For the first time, the Act allows privacy protection to be included in regular bank examinations. The Act grants regulators full authority to issue privacy rules and to use the full range of their enforcement powers in case of violations. The Act grants new, and needed, rule-making authority under the existing Fair Credit Reporting Act. In addition, it establishes new penalties to prevent pretext calling, by which unscrupulous persons use deceptive practices to determine the financial assets of consumers. The Act will specifically allow the States to provide stronger privacy protections if they choose to do so.

Although these are significant steps forward, we will continue to press for even greater privacy protections—especially choice about whether personal financial information can be shared within a corporate family. Privacy is fundamental to Americans, and to my Administration.

The Act also streamlines supervision of bank holding companies and preserves financial regulation along functional lines. Activities generally will be overseen by those regulators who are most knowledgeable about a given financial activity, including the Securities and Exchange Commission for securities activities and State regulators for insurance activities. Given the broad new affiliations permissible under this legislation, I fully expect our regulators to work together to protect the integrity of our financial system. The bill also promotes the safety and soundness of our financial system by enhancing the traditional separation of banking and commerce. The bill limits the ability of thrift institutions to affiliate with commercial companies.

There are provisions of the Act that concern me. The Act's redomestication provisions could allow mutual insurance companies to avoid State law protecting policyholders, enriching insiders at the expense of consumers. We intend to monitor any redomestications and State law changes closely, returning to the Congress if necessary. The Act's Federal Home Loan Bank (FHLB) provisions fail to focus the FHLB System more on lending to community banks and less on arbitrage activities and short-term lending that do not advance its public purpose.

The Act raises certain constitutional issues with respect to the insurance privacy provisions in title V. The Act might be construed as contrary to Supreme Court decisions that hold that the Congress may not compel States to enact or administer a Federal regulatory program. I interpret section 505(c) of the Act, however, as providing States with a constitutionally permissible choice of whether to participate in such a program. States that choose to participate will

gain the powers listed in section 505(c); States that decline will not. I believe that the Congress, in giving States a choice (in section 505(c)) whether to "adopt regulations to carry out this subtitle," intended to allow States to accept or decline all of the rulemaking and enforcement obligations assigned to State authorities under sections 501–505 of the Act. This interpretation is consistent with the explanation in the conference report that both the rulemaking and enforcement roles of State insurance authorities are voluntary not mandatory.

Section 332(b) of S. 900 provides for Presidential appointment of the board of directors of the National Association of Registered Agents and Brokers (NARAB), established by the bill in the event that certain stated conditions occur. Because members of the NARAB board would exercise significant Federal governmental authority under those conditions, they must be appointed as Officers pursuant to the Appointments Clause of the Constitution. Under section 332(b)(1) of the bill, the President would be required to make such appointments from lists of candidates recommended by the National Association of Insurance Commissioners. The Appointments Clause, however, does not permit such restrictions to be imposed upon the President's power of appointment. I therefore do not interpret the restrictions of section 332(b)(1) as binding and will regard any such lists of recommended candidates as advisory only.

The Gramm-Leach-Bliley Act is a major achievement that will benefit American consumers, communities, and businesses of all sizes. I thank all of those individuals who played a role in the development and passage of this historic legislation.

WILLIAM J. CLINTON

The White House,
November 12, 1999.

NOTE: S. 900, approved November 12, was assigned Public Law No. 106–102.

Statement on Sanctions Against the Milosevic Regime in Serbia
November 12, 1999

Today I signed a proclamation that will significantly expand the visa sanctions we impose on those who support the Milosevic regime in Serbia. The Secretary of State will now have greater flexibility to deny visas to a broad range of Milosevic's key supporters, who are obstructing democracy, suppressing freedom of speech, and financially supporting the regime. Family members, relatives, and close associates of those on the list may also be excluded.

This proclamation sends a clear message to those propping up the Milosevic regime that Serbia faces a clear choice: It can take its rightful place in a prosperous democratic Europe or sink further into isolation and economic decline under a dictator who has betrayed the best interests of the Serbian people. And if it chooses the latter path, those responsible will not be able to escape the consequences of their actions by leaving their country.

In this and other ways, we and our European allies are determined to support the Serbian opposition in its effort to bring true democracy to Serbia.

NOTE: The proclamation of November 12 is listed in Appendix D at the end of this volume.

Statement on Proposed Legislation on Trade With Southeast Europe
November 12, 1999

Today I instructed the Office of the United States Trade Representative to transmit to Congress the southeast Europe trade preference act ("SETPA"), which would authorize expansion of